



Contract No: 701547457 (Formerly referred to as  
FsASTC/00138)

For: C17 - Synthetic Training Service

## **SCHEDULE K**

### **KEY PERFORMANCE INDICATORS AND PERFORMANCE MEASURES**

## **1. INTRODUCTION**

1.1. This Schedule details the Key Performance Indicators (KPIs) that will be used to monitor and measure performance of the Contractor in meeting the requirements throughout the Contract Term.

## **2. PERFORMANCE MANAGEMENT**

2.1. Performance against the KPIs shall be measured each month for KPI 1, per course for KPI 2 and annually for KPI 3 over the duration of the Contract. The Contractor is required to submit the monthly Performance Report to the Authority within five (5) Business Days of the completion of the Reporting Period. Agreement by the Authority on KPI performance level for the relevant period shall be provided at or within 10 (ten) Business Days following the submission of the Monthly Report. A monthly invoice for payment shall be submitted each month in arrears in accordance with Schedule P (Pricing and Payment). A Service Credit shall be awarded to the Authority for failure, without applicable performance relief in accordance with Condition 8.7 of the Contract, to achieve the performance criteria specified in KPI 1 & 2. Applicable Incentive Adjustments shall be awarded to the Contractor for achieving the specified performance levels within KPIs 2 and 3. Any Service Credit due in accordance with Schedule K shall be applied to the following Monthly Performance Payment from that in which the Service Credit is reported. The Authority's rights and the arrangements provided in this Condition are and remain subject to the operation of Condition 8.7.

2.2. A detailed review of the application, trends and approach to KPIs shall be held at the Quarterly Project Meetings (QPM).

2.3. Depending on the Contractor's level of performance against each KPI the Contractor can achieve either Green, Amber, Red or Grey status as defined in the performance table for the KPI.

2.4. In the event the Contractor achieves a Green Performance Indicator it shall be deemed to be performing against that KPI. In the event that the Contractor achieves an Amber, Red or Grey Performance Indicator, this is classified as underperforming against the KPI and the Authority shall have the right to retain or deduct the Service Credit value in accordance with the Performance Tables in Annex A to Schedule K (Key Performance Indicators and Performance Measures) and Annex C to Schedule P (Pricing and Payment).

2.5. If the Contractor's performance for any KPI in any given month is assessed as Grey, Red or Amber, or is forecast to be at this level, then:

- 2.5.1. The Contractor shall immediately take reasonable steps to minimise the adverse effect of their underperformance and return the performance to Green (performing against the KPI);
- 2.5.2. The Authority may direct the Contractor to take reasonable measures the Authority reasonably considers necessary to remedy the Contractor's performance and the Contractor shall consider the direction at no additional cost to the Authority.

2.6. Providing there is no performance relief available to the Contractor in accordance with Condition 8.7 of the Contract, the Contractor shall, within five (5) Business Days after becoming aware that its performance for a KPI for the month will be, or is likely to be, assessed as Grey, Red or Amber, notify the Authority's Representative, in writing, of the matter and provide a Recovery Plan in accordance with Annex B to Schedule K (Key Performance Indicators and Performance Measures) of the Contract. The Recovery Plan shall include, as a minimum, the information as follows:

- 2.6.1. The Contractor's actual or anticipated performance against the KPI during the month;
- 2.6.2. The events or circumstances which caused or are likely to cause the Contractor's performance during the month;
- 2.6.3. The Contractor's plan to rectify and meet the KPI in future, Forecast Completion Date, responsible person(s), and actions taken to prevent further delays or under performance.

2.7. Within five (5) Business Days of receipt of the submitted Recovery Plan, the Authority shall notify the Contractor to either:

- 2.7.1. approve the Recovery Plan; or
- 2.7.2. reject the Recovery plan providing reasons for rejection.

2.8. If paragraph 2.7.1 applies, the Contractor shall proceed to implement the Recovery Plan.

2.9. If paragraph 2.7.2 applies, the Contractor shall submit a revised Recovery Plan within five (5) Business Days for approval in accordance with paragraph 2.6. If the Authority further rejects the revised Recovery Plan, the Parties shall meet to attempt to resolve the matter in good faith. If the Parties cannot resolve this matter after meeting, the matter shall be referred to the dispute resolution procedure in accordance with Condition 8.4 (Dispute Resolution) of the Contract.

2.10. The Contractor shall remain subject to the Service Credit retention/deduction mechanism described at Annex A until such time that the Contractor's performance returns to Green.

2.11. Subject to and in accordance with and subject to the provisions of Condition 8.9 The Authority may terminate this Contract (in whole or in part) in accordance with DEFCON 514 (Edn. 08/15) following the Forecast Completion Date of a Recovery Plan, for KPI 1, where the Contractor achieves either:

- 2.11.1. a Grey performance indicator three (3) times in any rolling 12 (twelve) month period; or
- 2.11.2. where the Contractor achieves a Red Performance Indicator for six (6) consecutive months.

2.12. The Authority may apply and continue to apply its remedies provided in this Schedule K up to and including the date on which this Contract terminates early or expires in accordance with its terms (and such termination or expiry shall no way prejudice or otherwise affect the application of any such remedies (including the retention of any amounts) on or prior to such date).

2.13. The Parties confirm that the Authority's remedies provided in this Schedule K are reasonable and proportionate to protect the Authority's legitimate interest in performance.

2.14 The following tiered monthly cap structure shall apply to the Monthly Performance Payment for each Reporting Period:

2.14.1 [REDACTED] deduction for concurrent Red performance on KPI1 and KPI2

2.14.2 [REDACTED] retention for concurrent Amber performance on KPI1 and KPI2

2.14.3 [REDACTED] deduction and [REDACTED] retention for concurrent Red performance on KPI1 and Amber performance on KPI2

2.14.4 [REDACTED] deduction and [REDACTED] retention for concurrent Red performance on KPI2 and Amber performance on KPI1

2.15 For the avoidance of doubt, in any event the net effect of the application of all KPI's shall not result in a deduction or retention greater than [REDACTED] for the Monthly Performance Payment in any Reporting Period.

2.16 For the purposes of any Service Credit Value applied in accordance with this Schedule K, this shall be calculated as the corresponding percentage value applicable to the BPR in accordance with Annex C Table 3 of Schedule P.

### **3. KEY PERFORMANCE INDICATORS AND PERFORMANCE INDICATORS**

3.1. The KPIs that shall apply to the Contract are set out below and in Annex A:

KPI 1 – Delivery in accordance with the Training Plan

KPI 2 – Delivery in accordance with the Course Catalogue – Course Acceptance

KPI 3a – Course Review

KPI 3b – STE Review

**Annex A****KEY PERFORMANCE INDICATOR 1 – DELIVERY IN ACCORDANCE WITH THE TRAINING PLAN**

KPI first applied from date	Contract Commencement Date		
KPI Reporting Period	Monthly assessment with monthly performance reporting		
PERFORMANCE MEASUREMENT			
Performance Measurement		Source of Measurement	
The Authority requires that [REDACTED] of all Training Courses finish to completion* on the scheduled date.		The agreed Training Plan for the Training Year.	
PERFORMANCE LEVELS			
Level	Rate of Performance		
GREEN	[REDACTED] of Training Courses finish to completion* on the scheduled date.		
AMBER	[REDACTED] of Training Courses finish to completion* on the scheduled date.		
RED	[REDACTED] of Training Courses finish to completion* on the scheduled date.		
GREY	[REDACTED] of Training Courses finish to completion* on the scheduled date.		
FEE RETENTION			
<u>Green</u> : No retention. The contract price remains unaffected.			
<u>Amber</u> : Temporary retention of the Service Credit Value for the affected Reporting Period. Should the Contractor’s performance return to Green in the subsequent month the temporary retention shall be released. In the event that the Contractor’s performance does not return to Green the temporary retention shall move to a permanent deduction of the Service Credit Value.			
<u>Red</u> : For any month of Red performance, the Authority will permanently retain the Service Credit Value for the affected month. Should the Contractor’s performance return to Green in the subsequent month, the temporary retention of [REDACTED] as specified below shall be released. In the event that the Contractor’s performance does not return to Green, the temporary retention of [REDACTED] as specified below shall become a permanent deduction. Two consecutive months of Red performance shall result in a permanent deduction of [REDACTED] from the second month onwards until the Contractor performance returns to Green.			
<u>Grey</u> : For any month of Grey performance the Authority will permanently deduct the Service Credit value.			
	RATE OF PERFORMANCE	PERCENTAGE OF DEDUCTION THAT IS PERMANENT	PERCENTAGE OF DEDUCTION THAT IS TEMPORARY
GREEN	[REDACTED]	n/a	n/a

AMBER	[REDACTED]	[REDACTED]	[REDACTED]
RED	[REDACTED]	[REDACTED]	[REDACTED]
GREY	[REDACTED]	[REDACTED]	[REDACTED]

\*[REDACTED] from two (2) consecutive months of Red performance onwards.

**Service Credit value** – up [REDACTED] value (exclusive of milestone payments) for the corresponding reporting month in accordance with Annex C Table 3 in Schedule P (Pricing and Payment)

**Notes:**

This KPI shall take effect from the Contract Commencement date and is unaffected by operation of Condition 4.7 (Course Acceptance and Review) of the Terms and Conditions.

\*“to completion” means all training objectives of the course syllabus have been delivered IAW with the Formal Training Statement (FTS) against the agreed timelines following course acceptance, regardless of the student’s ability to pass the course

Training comprises of all courses identified in Annex A to Schedule A (Statement of Work).

In the event there are no training courses due for completion in a given Reporting Period, the Contractor shall report its performance as “n/a”, with no retention/deduction applied, for the purposes of this KPI.

For the avoidance of doubt, any courses that are rescheduled by mutual agreement shall not be subject to KPI measurement against the original schedule but against the revised scheduled date.

**KEY PERFORMANCE INDICATOR 2 – DELIVERY IN ACCORDANCE WITH THE COURSE CATALOGUE – COURSE ACCEPTANCE**

<b>KPI first applied from date</b>	Contract Commencement Date
<b>KPI Reporting Period</b>	Training Courses assessed on a course by course basis with monthly performance reporting.
<b>PERFORMANCE MEASUREMENT</b>	
<b>Performance Measurement</b>	<b>Source of Measurement</b>
The Authority requires that all Training Courses are accepted in accordance with the requirements of Condition 4.7 (Course Acceptance and Review) of the Terms and Conditions.	The agreed Course Catalogue
<b>PERFORMANCE LEVELS</b>	
<b>Level</b>	<b>Rate of Performance</b>
<b>GREEN</b>	Training Course achieves Unqualified Acceptance or Qualified Acceptance with DR Priority 3 shortfalls following Course Zero.
<b>AMBER</b>	Training Course achieves Qualified Acceptance following Course Zero, with DR Priority 1 and DR Priority 2 shortfalls.
<b>RED</b>	Training Course achieves Qualified Acceptance following Course Zero, with DR Priority 1 and DR Priority 2 shortfalls not being addressed within the timescales stated in Condition 4.7.3 of the Terms and Conditions of Contract.
<b>FEE RETENTION</b>	
<p><u>Green</u>: No retention. The contract price remains unaffected.</p> <p><u>Amber</u>: Retention of Service Credit value applied to the next Monthly Performance Payment if any course is assessed with a DR Priority 1 and DR Priority 2 shortfall within a given Reporting Period. If the Contractor addresses the DR Priority 1 or DR Priority 2 shortfall(s) within the timescales stated in Condition 4.7.3 of the Terms and Conditions of Contract, the Contractors' performance shall be re-assessed as Green and the Service Credit Value retained shall be returned to the Contractor. If the Contractor does not address the DR Priority 1 or DR Priority 2 shortfall(s) within the timescales stated in Condition 4.7.3 of the Terms and Conditions of Contract, the Contractors performance shall be re-assessed as Red and the retention shall become a permanent deduction of the Service Credit Value.</p> <p><u>Red</u>: The Authority will permanently deduct the Service Credit value if any course is assessed with a DR Priority 1 and DR Priority 2 shortfall(s) not addressed within the timescales stated in Condition 4.7.3 of the Terms and Conditions of Contract.</p>	

	PERCENTAGE OF DEDUCTION THAT IS PERMANENT	PERCENTAGE OF DEDUCTION THAT IS TEMPORARY
GREEN	n/a	n/a
AMBER	[REDACTED]	[REDACTED]
RED	[REDACTED]	[REDACTED]

**Service Credit Value** – [REDACTED] value (exclusive of milestone payments) for the month in which the Training Course is evaluated in accordance with Annex C Table 3 in Schedule P (Pricing and Payment).

**Notes:**

In the event there are no Training Courses due for acceptance in a given KPI Reporting Period, the Contractor shall report its performance as “n/a”, with no retention/deduction applied, for the purposes of this KPI.

The Contractor shall be deemed to have addressed any outstanding DRs on declaration of such in writing to the Authority with evidence of actions undertaken to rectify any shortfalls. The Contractor’s performance level and timescales for rectification shall not be dependent on the availability of the Authority to conduct a re-evaluation of the course. However, where the Authority’s course re-evaluation identifies that the outstanding DRs have not been rectified in accordance with the Contractor’s declaration, the Contractor shall be deemed to have performed at the Red performance level for the original course acceptance event and a corresponding Service Credit deduction shall be applied retrospectively to the point when it was originally assessed.



**KEY PERFORMANCE INDICATOR 3a –COURSE REVIEW**

<b>KPI first applied from date</b>	Contract Commencement Date
<b>KPI Reporting Period</b>	Annual measurement with monthly performance reporting.
<b>PERFORMANCE MEASUREMENT</b>	
<b>Performance Measurement</b>	<b>Source of Measurement</b>
The Authority requires that all Training Courses and STE associated with each respective course maintains compliance with the requirements of Condition 4.7 (Course Acceptance and Review) of the Terms and Conditions.	Authority accepted courses and Authority baselined STE associated with each respective course
<b>PERFORMANCE LEVELS</b>	
<b>Level</b>	<b>Rate of Performance</b>
<b>GREEN</b>	[REDACTED] of Training Courses maintaining Unqualified Acceptance or Qualified Acceptance with DR Priority 3 shortfalls following Authority review in accordance with JSP 822.
<b>AMBER</b>	[REDACTED] of Training Courses maintaining Unqualified Acceptance or Qualified Acceptance with DR Priority 3 shortfalls following Authority review in accordance with JSP 822.
<b>RED</b>	[REDACTED] of Training Courses maintaining Unqualified Acceptance or Qualified Acceptance with DR Priority 3 shortfalls following Authority review in accordance with JSP 822.
<b>INCENTIVE ADJUSTMENT – Maximum of [REDACTED] available for this KPI</b>  <u>Green:</u> [REDACTED] of the available Incentive Adjustment applied in accordance with step 5 of the Single Source Contract Regulations (SSCR) profit rate calculation on an annual basis.  <u>Amber:</u> [REDACTED] of the available Incentive Adjustment applied in accordance with step 5 of the Single Source Contract Regulations (SSCR) profit rate calculation on an annual basis.  <u>Red:</u> No Incentive Adjustment.	
<b>Notes:</b> The Authority shall seek to evaluate a minimum of 12 (twelve) Training Courses per annum. If the Authority reviews less than 12 (twelve) courses per annum the difference shall be considered Green for the purposes for this KPI.  For any Training Course which is delivered by the Contractor but has not been subject to the course acceptance process in accordance with Condition 4.7 (Course Acceptance and Review) of the Contract, the Training Course may be evaluated for the purposes of this KPI, however, this evaluation should be against extant Formal Training Statements for that Training Course, and specific DSAT standards that have not yet been applied to the Training Course should be discounted from the evaluation.  The STE measured by this KPI shall be any STE which falls outside the scope of measurement of RA 2375 only and shall be measured against its Formal Training Statement (FTS).	

**KEY PERFORMANCE INDICATOR 3b – STE REVIEW**

<b>KPI first applied from date</b>	Contract Commencement Date
<b>KPI Reporting Period</b>	Annual measurement with monthly performance reporting.
<b>PERFORMANCE MEASUREMENT</b>	
<b>Performance Measurement</b>	<b>Source of Measurement</b>
The Authority requires that all devices subject to RA 2375 maintain accreditation in accordance with their baseline assessment	Authority device assessment in accordance with RA 2375 and device baseline
<b>PERFORMANCE LEVELS</b>	
<b>Level</b>	<b>Rate of Performance</b>
GREEN	All devices maintain accreditation against baseline assessment.
RED	At least one device fails to maintain accreditation against baseline assessment with shortfalls identified.
<b>INCENTIVE ADJUSTMENT – Maximum of [REDACTED] available for this KPI</b> <u>Green</u> [REDACTED] of the available Incentive Adjustment applied in accordance with step 5 of the Single Source Contract Regulations (SSCR) profit rate calculation on an annual basis. <u>Red</u> : No Incentive Adjustment	
<b>Notes:</b> In the event that the Authority does not assess any devices during an annual period, the Contractor shall report its performance as Green for the purposes of this KPI.	

Recovery Plan			
<b>Issue Date:</b>	DD/MM/YYYY	<b>Issue Version:</b>	
<b>Contract Ref:</b>	701547457		
<b>KPI:</b>			
<b>Period affected:</b>			
<b>Due Date (end of quarter date):</b>	DD/MM/YYYY	<b>Forecast Completion Date:</b>	DD/MM/YYYY
<b>Reasons:</b>	[Insert reasons why deliverable not delivered or KPI not met]		
<b>Remedial Plan:</b>	[Insert plan to provide the deliverable required by the obligation or meet the KPI in future, including timescales, responsible person(s) and actions taken to prevent further delays/underperformance]		
<b>Supporting Documents:</b>	[Insert document references for any attached supporting documentation]		
<b>Contractor's Signature:</b>	[NAME] [ROLE] [SIGNATURE]		